

Alm. Brand – Interim report Q1-Q3 2016

Alm. Brand generated a highly satisfactory pre-tax profit of DKK 817 million in 9M 2016. The full-year guidance is lifted by DKK 200 million to a profit of DKK 900-1,000 million.

“In the third quarter of 2016, we once again outperformed expectations, and for the nine months ended 30 September, we generated an exceptionally strong overall profit,” said CEO of Alm. Brand, Søren Boe Mortensen.

“Non-life Insurance contributed the most to the overall results, which, however, were lifted in particular by high run-off gains and few weather-related claims. The single most important difference setting this performance apart from recent years was the fact that the bank is back in the black,” elaborated Mr Mortensen. He continued:

“Finally, we are very pleased to note that our customer satisfaction rate remains high and is seen to increase and that the number of Pluskunder is growing in both insurance and banking. This is highly satisfactory.”

Q3 performance:

- Non-life Insurance delivered a highly satisfactory pre-tax profit of DKK 310 million, which was significantly better than expected, being boosted by a strong investment result.

The combined ratio was 76.7, supported by few weather-related claims and by run-off gains. A number of major fire incidents in the commercial customer segment and a higher claims frequency detracted from the performance.

Premiums declined by 1.0% in Q3 in line with expectations, among other things due to the fact that Alm. Brand has lowered its prices, particularly on motor insurances.

- Our life and pension activities generated a satisfactory pre-tax profit of DKK 23 million, which was better than expected.

Pension contributions were in line with the year-earlier period. Adjusted for timing differences, regular premiums increased by close to 4%, which was satisfactory, while contributions to market-based schemes provided by the bank declined. The trend in market-based schemes was not satisfactory.

At 30 September 2016, the bonus rate was at a highly satisfactory level of 17.5. The high bonus rate enables Alm. Brand Liv og Pension to continue to offer high and competitive rates on policyholders' savings.

- The bank's forward-looking activities generated a profit of DKK 24 million, which was better than expected. However, the performance remained impacted by the combination of the negative short-term bond yield and the bank's excess liquidity.

The performance was bolstered by a strong investment result as well as by fair growth in the number of full-service customers within the private customer segment, Financial Markets and Leasing. Over the past year, the bank has grown the number of full-service customers by 13% and increased lending to private customers by 6%. The portfolio of Totalkredit loans is also increasing, reporting year-on-year growth of 18%.

- The bank's winding-up activities reported a loss of DKK 9 million in Q3, which was better than expected. The performance was up by DKK 73 million on Q3 2015, driven by a significantly better funding

situation and more stable developments in the lending portfolio's risk exposure.

Outlook

- The full-year guidance is lifted by DKK 200 million to a pre-tax profit of DKK 900-1,000 million. The guidance for the group's forward-looking activities is lifted to DKK 925-1,025 million, comprising upgraded guidance for Non-life Insurance of DKK 200 million and downgraded guidance for Other activities of DKK 10 million.

The guidance for the bank's winding-up activities is revised to an expected loss of DKK 25 million.

- The full-year guidance for 2017 is a profit of DKK 400-500 million at a combined ratio of about 92. The winding-up activities are expected to report a result of zero.

Webcast and conference call

Alm. Brand will host a webcast and conference call on Wednesday, 16 November 2016, at 10 a.m.

<https://player.eventcdn.net/tu2ovr>

Analysts are invited to participate by phone: Danish analysts: +45 3544 5583, US analysts: +1 855 269 2604, other international analysts: +44 (0) 203 194 0544.

Contact

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